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FCC 96-93

In the Matter of)
Federal - State Joint Board)
Universal Service)

FCC MAIL ROOM
C.C. Docket No.: 96-94
DA: 97-1957 45

**COMMENTS ON UNIVERSAL SERVICE SUPPORT DISTRIBUTION OPTIONS
FOR SCHOOLS, LIBRARIES AND RURAL HEALTH CARE PROVIDERS**

Comments From:

Illinois State Board of Education

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The Illinois State Board of Education (ISBE) respectfully submits the following Comments on behalf of Illinois' public K-12 Schools on the issues described in the FCC's Public Notice, dated September 10, 1997. We applaud the FCC's decision to entertain comments on these important matters regarding disbursement of funds, and pray that they lead to pro-active changes in the USF Program Rules to allow more of our Schools and Libraries access to the assistance envisioned by Congress in the Telecommunications Act. We understand the number and depth of issues the FCC must work through to get the E-Rate Program underway; accordingly, we stand ready to assist the FCC in the planning, implementation and monitoring of this important program on behalf of our schools.

1.) Whether a "window" period should be established in which all beneficiaries filing within that period would be given equal priority. Comment on the length of the period in which any such window should remain open and as to whether there should be a "rolling" or ongoing series of windows during which all beneficiaries filing within that two-week period would be given equal priority.

We welcome a "window", but also submit that it is only as good as the time allowed to "jump" through it. That is, if a two-week "window of equal opportunity" is opened for the "first wave" of applicants, it should be part of a larger process within which schools have ample time to get ready, and as stated herein, a more equitable distribution of funds is approved.

We recommend that schools should, at minimum, a 30 day notification of the release date of the application, and at least 30 days between the initial release of the application and the initial acceptance date. Compressing the time between the notification of the application

availability and the first acceptance date will diminish the value of any proposed “window”.

A properly structured “window” is necessary for a variety of reasons, including the real “tech” problems of such a massive, nationwide undertaking such as this. These problems include servers “crashing” from the overload, overloaded faxes, and possible telephone and data system failures as schools struggle to be “first in line” under the proposed program. Related to this is the need for some clarification as it relates to the RFP process. As the process now stands, there is no clear definition as to whether a school that would like to remain with their current service providers will get priority over those who will RFP their services. This is especially critical as schools are seeking what is in their best interest under the “first-come, first-served, nationwide race to the website” aspect of the Program.

An example of a fairly common scenario is a school that wishes to:

- remain with their existing Internet service provider;
- remain with an existing telecommunications provider under an existing contract;
- and has a legal and approved RFP and bid response for internal connections work beginning January 1.

The question is whether or not this particular school will have a “leg up” on those who will bid for their work as soon as the application is released. In effect , will secured

contracts with completed RFP's place the school ahead of those who will need to secure bids during the application process?

At first glance, the national, first-come, first-served proposed disbursement system has encouraged schools *not* to RFP services, in fear that Funds will dry up while the RFP's are out. Therefore, we agree that a two-week "window of opportunity" with a "level playing field" for applications submitted by those who will have to RFP is necessary. We would recommend that the Fund be allowed to "set-aside" the monies from the Fund at the initial application by including a cost estimate within the application, and final approvals of dollar amounts pending the final outcome of the RFP's within the proposed 28-day period. In short, we believe schools should not be placed at a disadvantage for placing and receiving bids during the application process and any "window of opportunity" should discourage that type of "gaming" of the process. To do otherwise would run counter to the competitive market goals of the Program by suppressing incentives for schools to follow through with the RFP's, for fear of finalizing a dollar amount "too late" in the process.

5.) Comment on the "E-Rate Implementation Working Group" Proposal

Generally, we agree with most of the E-Rate Working Group Recommendations document which outlines a series of "interim period" proposals that allow schools and libraries some direction, leeway, and some valuable time in order to be eligible for the discounts. We at ISBE have widely distributed the Recommendations document as the

“best available draft” of what the application and final rules will eventually look like. If nothing else, we have used the document as a “draft worksheet” so schools can begin to gather the information to expedite the completion of the final application, when it is made public. Our schools have seen it as the most positive step forward in the implementation of the program. While we are clear that the document is still a “draft”, they are grateful that at least some sense of direction, however tentative, is available to move forward.

We agree that the notion of an interim period that allows schools some relaxation of the Rules and filing requirements is in the best interest of equity, by allowing schools to get a head start on what will be required after July. However, we do have a major concern that needs some clarification and resolution.

“Approved” Technology Plan Requirement

The E-Rate Working Group Proposal addresses this important issue, but also provides mixed signals. This requirement brings in many of the equity issues addressed within these comments.

We agree with the Rules that Schools must “do their homework” as it relates to having a Technology Plan. The Plan should, among other requirements: detail what eligible services the school seeks; assess their current inventory of equipment; explain how they intend to integrate the services into the curriculum; list training opportunities for their

teachers, and identify the budgetary support to sustain the discounts as well as the overall technology and personnel investments. Our issue is not with the need for such a document, instead we take issue with the requirement for an “approved” plan before the school is eligible to apply during the interim period.

The Illinois State Board of Education (ISBE) was one of the first States to have their Statewide Technology Plan approved by the Department of Education for purposes of the Federal Technology Literacy Challenge Grants. We have been asked by at least seven other States for copies of the Plan, and, we humbly submit, have been praised for its vision and content. It is both our vision and our workplan for equitably and efficiently bringing technology to improve teaching and learning.

We have also approved Technology Plans for approximately 65% of our public school districts as part of previous Federal and State technology grant programs. We continue to work with some of our poorest schools to do Community-Based Technology Planning and will focus many of our efforts to do more in this area. We have set in place a Statewide Technology Plan approval system that allows regional peer review teams, working under State and Federal guidelines, to assess, edit, and approve technology plans. This process is working on several fronts, but not the least of which is in bringing together our public *and private* schools on technology planning issues.

The issue involves the logistics of bringing in the rest of our schools/districts for tech plan approvals *before* the applications are due, and -- just as important -- how do we begin to set in motion a timely, equitable solution for our private schools so they are not automatically excluded from applying for lack of an “approved” technology plan.

We intend to keep this pro-active peer review process methodology as a basis of our technology approvals. We are also assisting our private schools to establish a peer review process of their own. Nevertheless, we believe the time constraints -- and a lack of solid (*not draft*) direction from the Department of Education -- on this issue will unduly strain all of our abilities to expedite approvals for all of our schools.

We recommend, in a fashion similar to that envisioned by the E-Rate Working Groups Recommendations, that the need for an *approved* plan be waived during the “interim period” (up to July 1, 1998). We recommend that a Technology Plan which covers the Program Requirements be part of the applicant schools working papers, subject to audit. We recommend that approved tech plans be required after the interim period, and these will be based on firm direction from the Department of Education, the FCC and SLC.

To be sure, we do not want to subvert the technology planning requirement in the Rules. We firmly believe that the schools should have Plans in place per the Rules, but we believe to require *formal approval* for all applicants, will -- in effect -- exclude many of our schools who have followed the letter and spirit of the Rules and the Program’s goals.

Again, we repeat that this situation is especially critical for many of our smaller, poorer schools, and, many of our private schools, most of which do not have “previously approved” technology plans from Federal and State grants, grants for which they have not applied, or are ineligible.

Another possible, interim, solution is to allow our schools -- both public and private -- to come in under the wider umbrella of the State of Illinois’ K-12 Information Technology Plan as referenced earlier. Clearly, this document has driven our efforts to work with our schools and our schools receive technology services based on the Plan. This Plan will also support ISBE’s application in support of the 1,000 schools that connect to the Internet for free on our statewide *LincOn* network.

In the end, we repeat that our goal is not to subvert the need for a technology plan. We believe a solid Technology Plan is the basis of a successful deployment of technology. However, the FCC needs to recognize that an “approved” requirement at the time of this initial application places many of our smallest, poorest, public and private, inner-city and rural schools at risk of being ineligible in the first year of the program. These schools, we believe, are some of the primary targets of the letter and intent of the enabling Legislation and eventual Rules of Universal Service Fund Program.

4.)Comment on whether other methods might ensure a broad and fair distribution of funds, particularly at the earliest stages of these support programs.

While there are a host of issues under this area we would like to address, there are two important issues we will focus on:

- alternatives to first-come, first-served national distribution, and
- timing of the program.

Initially, let us respectfully, but directly, state that the national, first-come, first-served basis to distribute funds is *severely* flawed. As we read the intent of the Act, the Universal Service Fund (USF) support was meant to connect *all* schools to the vast resources available on the Internet. Specifically, the letter and spirit of the USF Rules gives priority to the poorest schools (as defined by free-reduced lunch counts) and to those in rural areas, where on-line resources open a wide array of teaching resources to improve teaching and learning. In short, a national, first-come, first-served distribution program -- one which rewards those schools and districts who can get “in the door with the largest requests first” -- is inconsistent with these goals.

This reality, along with the “rumors” of large school districts and State networks petitioning the USF for “hundreds of millions” to fund their projects, has led to many of our smaller and rural schools to dismiss the value of applying for the USF Program. To be sure, our response has been -- *and will continue to be* -- to encourage and assist our schools/districts to actively apply *no matter how the funds are distributed*. Nevertheless, we believe a more equitable distribution system can -- and should -- be put in place from the beginning. This system should promote the notion that funds are distributed equitably within, and among, States, cities, suburban and rural areas. In a spirit of cooperation, we offer a proposal that we believe can better assure equity:

Separate the National Fund into State Allocations

Instead of a national first-come, first-served disbursement, the National fund would be divided to into State-specific allocations based on total student population and an allocation for the number of free/reduced lunch students in a particular State. This allocation formula has already been successfully used for the Federal Technology Literacy Challenge (TLCF) Grants. In contrast, the proposed, first-come, first-served basis of the USF Program will inevitably lead to significant imbalances in monies received between, and within, States.

Under our proposal for a State allocation system, the FCC, NECA, and the SLC would still manage the Funds, and would still specify Rules, Regulations and Priorities for the discounts to assure that national imbalances are not replaced with intra-state divisions. States' role would be to ensure that the program follows those guidelines and that there is some equity within the State.

States Can, and Should, Play an Expanded Role in Assessing Priority

To date, State education agencies roles' have been relegated to approving technology plans. While this is an important role, ISBE believes we can bring more to the effort, given our own experiences with programmatic efforts aimed at efficiently, effectively, and equitably bringing technology to our schools.

In addition to having the larger Fund divided into state allocations, we recommend that States play a role in implementing an expanded “Priority Funding” portion of the Fund. While we believe the entire program should have been directed in this form, we recommend that this State set-aside system of “Priority” be placed in motion at the thirty percent (30%) Fund level, not the proposed ten percent (10% of \$2.25B =\$250M) level. That is, Priority Rules would kick in when a State’s allocation has been 70% reached, so in effect, the remaining 30% of the Fund (not 10%) is distributed under Priority Rules. We believe that the \$250 million level (10%) is “too little, too late” to impact those schools that most need the help.

This higher level of priority funding is necessary to assure the program reach its intended recipients in the first year, not after the program suffers possible irrevocable harm, by a well-intentioned, but poorly designed initial distribution system.

We believe that priority for these schools should be weighted along the following variables:

- **Number of Free / Reduced Lunch** (or other approved method, per the Order).
- **Existing Infrastructure** -- priority would be given to the poorest schools/districts with little or no inside wiring, and those with none, or only the most basic dial up access to the Internet.
- **Past Recipients** -- consistent with the Recommended Rules, priority should be given to those who have not received discounts in prior years.

We believe that existing infrastructure is an important factor in determining equity under a revised Priority plan. In some cases, some of our poorest schools are also some of the best wired and most computer-rich, in large part because they have used other State, Federal and Private grants to wire their schools/districts. In many cases, the critical issue for them is to improve staff development to use existing technology, not necessarily bring in more or new wiring. Accordingly, we recommend that a State-created Administrator (working in concert with the Federal Administrator) have the ability to assess portions of an application to further the Program goals.

In the case of a high poverty level school with internal wiring, a State (or Federal) Administrator would be able to recommend that the discount focus on the telecommunications and Internet portions of the eligible services, but hold off allowing inside wiring upgrades for these schools, at least in the first year of the program, thereby freeing up funds for high poverty schools and districts that have little or no internal wiring infrastructure.

Clearly, we need to make committed efforts to increase the impact and equity of the inside wiring and infrastructure portion of the Program, as this will be a critical component of the success of the Program. No doubt, the Fund will initially be hit hardest by the internal wiring and infrastructure projects, hence, some evaluation of this portion of the program is necessary to ensure the fund is equitably distributed, and that Fund does not -- as many

believe -- get depleted “in the first hour”. We do not feel that the discount matrix, nor the obligation to pay for the non-discounted portion of the project, by themselves, will assure the equity of the program.

We submit that an expanded form of priority funding, with some focus on assisting those who most need the discounts, is necessary *from the program’s inception*. Finally, we submit that our recommendation for an expanded Priority Funding pool of monies (from 10% to 30%) stands whether or not the Fund is allocated into State allocations as proposed above. As always, we welcome the opportunity to assist the Fund Administrator in planning and implementing the details of these important efforts.

Program Timing

Timing of the USF Program is an important variable in promoting equity. We recognize the need for the fund to begin operation on January 1. However, we also know that the long-term success of the program is contingent among the program getting off “on the right foot”. Programs of this size and nature do not need to run headlong into structural problems in order to maintain an “artificial” start date. Accordingly, an issue brought up by many of our schools is the mismatch between the project start date (January 1) and the school budgeting cycle (July 1-June 30), especially since the Program rightfully requires schools to certify that they have budgeted the non-discounted dollars.

One suggestion we have heard repeatedly from our schools is to delay the Program start date until July 1, to better fit the school budgeting process, and to allow inside wiring (and any related infrastructure) projects to be undertaken during the summer, when fewer kids are in school and the disruption to classes is minimized. While we recognize the “need” to implement the program beginning January 1, we also are compelled to report the comments we’ve heard from our schools and districts, the ultimate beneficiaries of the Program.

Finally, and most importantly, we ask that the FCC, NECA and SLC see State Education Agencies such as ISBE as important allies in this program. Many States have experience in working with equity issues in their own technology programs and have continued to strive for effective and equitable programs to improve teaching and learning.

Conclusions

ISBE applauds the efforts by Congress and the FCC in developing and implementing such an important program. The *E-Rates* have enormous potential to boost the capacities of our schools to improve teaching and learning. However, the Program needs to initially develop a more equitable process for distributing Fund dollars, ease “approved” technology planning requirements, and better align its timing so that more schools are able to take advantage of the Program, not just reward those who can “game” the system. Herein, we recommend a revised distribution process, timing and technology approval timeline to assure that the largest numbers of schools gain access to technology.

To be sure, our comments require a series of detailed discussions to be implemented -- we stand ready to assist the FCC, NECA and the SLC in those efforts.

Respectfully Submitted,

A handwritten signature in cursive script, reading "Joseph A. Spagnolo". The signature is written in black ink and is positioned above a horizontal line.

Joseph A. Spagnolo
State Superintendent of Education
Illinois State Board of Education

Date: September 24, 1997